

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 823 - HB 1101**

March 28, 2021

**SUMMARY OF BILL:** Creates the *Rural Renewal Reward Act*. Beginning January 1, 2022, requires the Department of Education (DOE) to administer a financial award program for applicants who are employed in high-need fields within eligible counties.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**Exceeds \$1,000,000/FY21-22 and Subsequent Years**

**Assumptions:**

- The proposed legislation creates a new program within DOE to serve as loan repayment for Tennessean's that reside in an eligible county, work in a high-needs field, have graduated from high school and college, and participate in a federal income driven repayment plan.
- An applicant whose annual income is less than \$50,000 is eligible to receive an award under this program equal to 100 percent of the applicant's monthly federal income-driven repayment plan payments for 24 months of repayment under the federal program.
- It is assumed that applicants will be participants in the federal Revised Pay As You Earn Plan (REPAYE).
- A REPAYE plan is calculated as 10 or 15 percent of discretionary income which equals income minus 150 percent of the poverty level for family size and state.
- The 2021 federal poverty level for an individual living in Tennessee is \$12,880.
- An applicant who earns \$50,000 has discretionary income of \$30,680 [ $\$50,000 - (\$12,880 \times 150\%)$ ].
- In this scenario, the total award amount generated is estimated to be \$6,136  $\{[(\$30,680 \times 10\%) / 12 \text{ months}] \times 24 \text{ months}\}$ .
- It is unknown how many student loan borrowers meet these criteria in Tennessee; however, it is reasonably estimated that the loan repayment program will increase state expenditures in excess of \$1,000,000 in FY21-22 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid.

Krista Lee Carsner, Executive Director

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